



CITY COUNCIL

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COUNCILMEMBER DJOU: FEDERAL INVESTIGATION OF CITY MASS TRANSIT CONTRACT NEEDED

Today, Honolulu City Councilmember Charles K. Djou (Waikiki, East Honolulu) filed a complaint with the Inspector General of the U.S. Department of Transportation over the City's \$10 mil. mass transit study.

"The City is about to undertake the largest public works project in the history of Hawaii, financed by the largest tax increase in state history. All of us hope that the City does this mass transit project right. Unfortunately, numerous questions linger over the initial steps taken on this project. First, the City never asked any bidders on this \$10 mil. study to compete on price. This is a huge amount of money to just give to a firm for a study without any price competition," stated Councilmember Djou.

"Second, a dark cloud concerning inappropriate behavior and possible corrupt conduct hangs over the treatment of subcontractors by Parsons Brinkerhoff, the company that won this mass transit contract," stated Councilmember Djou. "I am asking the Federal government to review and carefully investigate how Parsons Brinkerhoff handled this contract."

Federal funds constitute nearly 80% of the \$10 mil. contract awarded to Parsons Brinkerhoff Quade & Douglas, Inc. ("PBQD"), giving the Federal government jurisdiction over this project. The contract calls for a study of the mass transit alternatives and how to spend the money that will be generated by the general excise tax increase the City Council adopted earlier this year. Although this study contract was set out to bid, the City picked a contract value of \$10 mil. and did not ask any contractor to compete on price.

The study contract was also initially awarded to PBQD with Communications Pacific, Limtiaco & Company, and Belt Collins as subcontractors. After “negotiation” with the City, PBQD, without explanation, dropped these subcontractors and awarded a nearly \$900,000 subcontract to Community Planning, Inc., a company that was never a part of the original bid.

Completing the mass transit alternative analysis study is the first formal step in eventually selecting and building a multi-billion dollar Oahu rail system. On November 23, 2005, Communications Pacific filed a legal petition with the state Procurement Policy Board requesting a ruling that the City violated the law in awarding the mass transit study to PBQD.

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